



Division of Ratepayer Advocates

California Public Utilities Commission

505 Van Ness Ave., San Francisco

FOR IMMEDIATE RELEASE

PRESS RELEASE

Media Contacts:

Sepideh Khosrowjahi, Policy Advisor, 415-703-1190, skh@cpuc.ca.gov

Tom Hall, Information Officer, 415-703-1366, news@cpuc.ca.gov

Another Increase in AT&T's Basic Residential and LifeLine Telephone Rates

Dec. 11, 2008, San Francisco – On December 1, 2008, AT&T announced that it will increase its prices for basic residential service and Lifeline low income service effective January 1, 2009. This increase immediately follows the release of AT&T's pending "Service Agreement" contract, which fails to insure that consumers will get legally required notice of terms and conditions of service going forward, and denies consumers the right to pursue legal remedies such as class-action lawsuits. Essentially, the contract allows AT&T to impose any and all terms it chooses.

In August 2006, the Commission awarded AT&T nearly complete pricing freedom for all services except residential basic service; DRA's report ([Report on Rate Increases](#)) demonstrates that AT&T has aggressively raised many of its rates. On September 24, 2008, the Commission eliminated rate caps on stand-alone residential basic service. Decision 08-09-042 grants a two year "transition" period, limiting the price increases AT&T may impose on basic residential service. Once this transition period ends, DRA predicts that stand-alone residential basic service will become too expensive for the working poor to afford.

While consumers will experience price increases for basic service, AT&T continues to aggressively market its more expensive "bundle" deals. AT&T's "Select {multimedia}" packages will be the only services for which prices will be reduced. AT&T's excessive emphasis on selling multimedia bundles over basic stand-alone services leaves customers with few options, and may force consumers to purchase bundles that include services they may not want.

As the CPUC continues to rely on a "competitive market" to control prices instead of setting rates based upon the utilities' costs, the state's most vulnerable populations, those with limited incomes, the elderly and those who live in rural areas will be forced to pay more for their phone service. Furthermore, consumers who do not want multimedia bundles or wireless phone service as

their primary line should have access to affordable basic wireline services,” said Dana Appling, Director of DRA. Allowing unreasonable rate increases has, and will continue to have, significant negative consequences in California as it undermines the State’s ability to ensure that *all* Californians can obtain affordable telephone service.

The AT&T December 2008 notice of rate increase will affect the following basic residential telephone services:

- **Flat Rate** – up to 24% from **\$10.94** to **\$13.50** per month
- **Measured Rate** – up to 25% from **\$5.83** to **\$7.28** per month
- **Lifeline-Flat** – up to 12% from **\$5.47** to **\$6.11** per month
- **Lifeline-Measured** – up to 12% from **\$2.91** to **\$3.27** per month

In certain areas, Basic Flat Service Rates may increase to as much as \$13.88 to \$17.77 per month.

The rate increases shown above can be found in Advice Letter 34152 at <https://ebiznet.att.com/calreg/pdfdocs/34152.pdf>

For more information on DRA, please visit www.dra.ca.gov.

###